

Message Text

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ACTION EUR-12

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AMEMBASSY MOSCOW

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AMEMBASSY SOFIA

AMEMBASSY WARSAW

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USMISSION GENEVA

USDEL MTN GENEVA UNN

AMEMBASSY VIENNA

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E.O. 11652: NA

TAGS: EEWT RO ECON

SUBJECT: ROMANIAN FOREIGN TRADE WITH SOCIALIST COUNTRIES

1976-80: IMPLICATIONS FOR GOR'S

ANNEX B COMMITMENT

REFS: A. MOSCOW 16750

B. BUCHAREST 218

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C. BUCHAREST 0224

1. SUMMARY. RECENT ROMANIAN SOVIET PLAN COORDINATION AND TRADE AND PAYMENTS AGREEMENTS FOR 1976-80 PROVIDE FOR NO RPT NO SOVIET DELIVERIES OF OIL. ON BASIS OF CURRENT PRICES, TWO WAY TRADE WILL INCREASE IN FIVE YEARS BY 70 PERCENT (EARLIER REPORTED INCREASE OF 32 PERCENT WAS AT CONSTANT PRICES). STILL, ROMANIA MAY BE ABLE TO REACH ITS GOAL OF DOUBLING TRADE IN NEXT FIVE YEARS WITH ALL SOCIALIST PARTNERS. CONCENTRATING SO MUCH OF ITS TRADE EFFORT EASTWARD COULD LEAD TO STAGNATION IN TRADE WITH WEST, WITH POSSIBLE IMPLICATIONS FOR ITS GATT ANNEX B COMMITMENT. END SUMMARY.

2. ON DEC 27 MAJOR ROMANIAN NEWSPAPER RAN ARTICLES ON SIGNING IN MOSCOW DAY BEFORE OF FIVE-YEAR TRADE AND PAYMENTS AGREEMENT WITH SOVIET UNION. ITS SIGNATURE FOLLOWS BY ABOUT A MONTH THAT OF ROMANIAN-SOVIET PROTOCOL ON FIVE-YEAR PLAN COORDINATION REPORTED REFTELS A AND B.

3. ARTICLE LISTS ROMANIAN EXPORTS TO USSR AS ELECTRONIC CONOLW, APPARATUSES; EQUIPMENT FOR ELECTRONIC CALCULATORS AND COMPUTERS (INCLUDING ELECTRONIC COMPONENTS); MACHINERY FOR CHEMICAL, METALLURGICAL, PETROLEUM AND PETROCHEMICAL INDUSTRIES; SHIPS; MACHINE TOOLS; AGRICULTURAL MACHINES; ROLLED METAL; CHEMICAL PRODUCTS; READY-TO-WEAR AND KNIT-WEAR CLOTHING AND FOOTWEAR; FURNITURE AND OTHER WOOD PRODUCTS; AND FOOD PRODUCTS. ROMANIAN IMPORTS WILL BE MACHINE TOOLS, MACHINERY AND EQUIPMENT FOR THE METALLURGICAL AND CHEMICAL INDUSTRIES, ENERGY PRODUCING MACHINERY, NAVAL EQUIPMENT, AIRPLANES, METALLURGICAL COKE, COKING COAL, IRON ORE, AND IRON AND STEEL PRODUCTS, FEROALLOYS, APATITE, ASBESTOS, COTTON, AS WELL AS CONSUMER ITEMS.

4. IN CONVERSATION WITH AMBASSADOR, DEP PRIMIN AND MINFGN TRADE PATAN CONFIRMED THAT NO RPT NO OIL WOULD BE DELIVERED. AMBASSADOR ALSO RAISED WITH PATAN APPARENT DISCREPANCY BETWEEN EARLIER REPORT OF ONLY 32 PERCENT PLANNED INCREASE IN TRADE WITH USSR VERSUS 70 PERCENT MENTIONED IN LATEST AGREEMENT. PATAN EXPLAINED THAT AWAY BY REVEALING THAT FORMER FIGURE HAD BEEN BASED ON CONSTANT PRICES (UNREPORTED IN PRESS COVERAGE)

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WHEREAS HIGHER FIGURE PROJECTED ON BASIS OF NEW CEMA PRICING SYSTEM (LATER ARTICLE SPECIFICALLY MENTIONS CURRENT PRICES). THE WEST GERMAN ECONOMIC COUNSELOR INFORMS US HE HAS LEARNED FROM A DIRECTOR OF THE MFT THAT THE CURRENT PRICE TRADE GROWTH GOAL IS ACTUALLY A RANGE OF 63-70 PERCENT.

5. EFFECT OF STATISTICAL JUGGLING ON OUR ABILITY TO REPORT AND INTERPRET UA TWO FOLD: 1. WE HAVE EVEN LESS CONFIDENCE

NOW THAT MEANINGFUL COMPARISONS (SUCH AS THOSE MADE REFTEL C) AMONG DIFFERENT DATA SETS CAN BE MADE ON THE BASIS OF CONSTANT DEFINITIONS AND 2) THE GOR GOAL OF DOUBLING TRADE WITH SOCIALIST COUNTRIES IN 1976-80 COMPARED TO 1971-1975 IS PROBABLY ATTAINABLE, IF EXPRESSED IN CURRENT PRICES. IN HIS RECENT SPEECH ON DEC 19 BEFORE THE GRAND NATIONAL ASSEMBLY, PATAN BEGAN TO HEDGE THAT ESTIMATE BY CALLING IT QUOTE ALMOST A DOUBLING UNQUOTE.

6. SINCE JUNE THE FOLLOWING FIVE-YEAR;TRADE AND PAYMENTS AGREEMENTS HAVE BEEN SIGNED WITH SOCIALIST COUNTRIES, WITH PLANNED INCREASES GIVEN IN PARENTHESES: A) HUNGARY, JUNE 8 (200 PERCENT - THIS IS A FIVE-YEAR PLAN COORDINATION PROTOCOL AND THEREFORE MAY REFLECT CONSTANT PRICES), B) POLAND, SEP 23 (250 PERCENT), C) SOVIET UNION, NOV 28 AND 26 (32 AND 70 PERCENT), D) HUNGARY, DEC 9 (30 PERCENT FOR 1976; THIS WAS AN ANNUAL AGREEMENT ONLY), E) MONGOLIA, DEC 19 ("INCREASED VOLUME"), F) BULGARIA, DEC 23 (200 PERCENT), G) YUGOSLAVIA, DEC 25 (300 PERCENT), AND H) THE GDR, JUNE 10 (200 PERCENT). PRINCIPAL SOCIALIST TRADE PARTNERS STILL MISSING ARE PRC AND CZECHOSLOVAKIA (RUMORED TO BE NEAR SIGNING TOWARDS THE END OF DECEMBER) AND YOMplete FIVE YEAR TRADE AND PAYMENTS AGREEMENT WITH HUNGARY. NONETHELESS, ON BASIS OF SOME HEROIC ASSUMPTIONS REGARDING LEVEL OF TRADE WITH INDIVIDUAL TRADE PARTNERS IN 1975 (NOT YET AVAILABLE), IF THOSE UNACCOUNTED-FOR TRADE PARTNERS DOUBLE IN 1976-80 THEIR LEVEL OF TRADE WITH ROMANIA, GOR WOULD SURPASS ITS GOAL OF DOUBLING.

7. OFT STATED GOR GOAL FOR INCREASE OF OVERALL TRADE IN 1976-80 IS 72-80 PERCENT. WHEN TAKEN TOGETHER WITH TARGETS OF DOUBLING SOCIALIST TRADE AND INCREASING LDC TRADE TO 30 PERCENT OF TOTAL (WHICH ALSO ROUGHLY IMPLIES A DOUBLING), ROMANIAN TRADE WITH DEVELOPED WEST AS A WHOLE WOULD AT LIMITED OFFICIAL USE

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WORST STAGNATE, EVEN WHEN EXPRESSED IN CURRENT PRICES, AND AT BEST NOT KEEP PACE WITH THE GROWTH OF ROMANIA'S TOTAL TRADE. CONSIDERING POSSIBLE IMPLICATIONS FOR GOR'S COMMITMENT EXPRESSED IN ANNEX B OF ITS ACCESSION PROTOCOL TO GATT, WE WILL SEEK CLARIFICATION FROM MFT. BARNES

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